

ADCARE HEALTH SYSTEMS, INC
Form SC 13D/A
December 01, 2014

**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

SCHEDULE 13D/A

(Rule 13d-101)

**INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT TO RULE 13d-1(a) AND
AMENDMENTS THERETO FILED PURSUANT TO RULE 13d-2(a)**

Under the Securities Exchange Act of 1934

(Amendment No. 4)*

ADCARE HEALTH SYSTEMS, INC.
(Name of Issuer)

Common Stock, no par value
(Title of Class of Securities)

000650W300
(CUSIP Number)

Michael J. Fox

Park City Capital, LLC

200 Crescent Court, Suite 1575

Dallas, Texas 75201

(214) 855-0800

With a Copy to:

Derek D. Bork

Thompson Hine LLP

3900 Key Center

127 Public Square

Cleveland, Ohio 44114

(216) 566-5500

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

November 24, 2014

(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§ 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box “.”

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. *See* § 240.13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person’s initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be “filed” for the purpose of Section 18 of the Securities Exchange Act of 1934 (“Act”) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, *see* the *Notes*).

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NAME OF
REPORTING
PERSON

1 **PARK CITY
CAPITAL
OFFSHORE
MASTER,
LTD.**
CHECK THE
APPROPRIATE
2 BOX IF A
MEMBER OF (a) ..
A GROUP (b) ..

3 SEC USE
ONLY

4 SOURCE OF
FUNDS

5 **WC**
CHECK IF
DISCLOSURE
OF LEGAL
PROCEEDINGS
IS REQUIRED..
PURSUANT
TO ITEM 2(d)
or 2(e)

6 CITIZENSHIP
OR PLACE
OF
ORGANIZATION

**Cayman
Islands**

	7	SOLE VOTING POWER	1,088,918*
		SHARED VOTING POWER	0
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	8		
		SOLE DISPOSITIVE POWER	1,088,918*
	9		
		SHARED DISPOSITIVE POWER	0
	10		

AGGREGATE AMOUNT BENEFICIALLY
OWNED BY REPORTING PERSON

11

1,088,918*
CHECK IF
THE
AGGREGATE
AMOUNT IN
ROW (11) ..
EXCLUDES
CERTAIN
SHARES

12

PERCENT OF
CLASS
REPRESENTED
BY AMOUNT
IN ROW (11)

13

5.6%**
TYPE OF
REPORTING
PERSON

14

CO

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*Includes (1) 10% Subordinated Convertible Notes due April 30, 2015 convertible at the option of the holder into 222,222 shares of Common Stock and (2) warrants to purchase 218,946 shares of Common Stock.

**Based on 18,878,571 shares of Common Stock issued and outstanding as of October 31, 2014, as reported in the Company's Form 10-Q for the quarter ended September 30, 2014, filed with the SEC on November 13, 2014.

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NAME OF
REPORTING
PERSON

1

**PARK CITY
SPECIAL
OPPORTUNITY
FUND, LP**

CHECK THE
APPROPRIATE

2

BOX IF A MEMBER OF (a) ..
A GROUP (b) ..

SEC USE
ONLY

3

SOURCE OF
FUNDS

4

WC
CHECK IF
DISCLOSURE
OF LEGAL
PROCEEDINGS
IS REQUIRED..
PURSUANT
TO ITEM 2(d)
or 2(e)

5

CITIZENSHIP
OR PLACE
OF
ORGANIZATION

6

Delaware

	7	SOLE VOTING POWER	102,250
		SHARED VOTING POWER	
NUMBER OF SHARES	8		0
BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH		SOLE DISPOSITIVE POWER	
	9		102,250
		SHARED DISPOSITIVE POWER	
	10		0

AGGREGATE AMOUNT BENEFICIALLY
OWNED BY REPORTING PERSON

11

102,250
CHECK IF
THE
AGGREGATE
AMOUNT IN
ROW (11) ..
EXCLUDES
CERTAIN
SHARES

12

PERCENT OF
CLASS
REPRESENTED
BY AMOUNT
IN ROW (11)

13

Less than 1%
TYPE OF
REPORTING
PERSON

14

PN

CUSIP No. **000650W300 13D/A** Page 4 of 13 Pages

NAME OF
REPORTING
PERSON

1

**CCM
OPPORTUNISTIC
PARTNERS,
LP**

2

CHECK THE
APPROPRIATE
BOX IF A (a) ..
MEMBER OF (b) ..
A GROUP

3

SEC USE
ONLY

4

SOURCE OF
FUNDS

5

WC
CHECK IF
DISCLOSURE
OF LEGAL
PROCEEDINGS
IS REQUIRED ..
PURSUANT
TO ITEM 2(d)
or 2(e)

6

CITIZENSHIP
OR PLACE OF
ORGANIZATION

Texas

7

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	8	SOLE VOTING POWER	0
		SHARED VOTING POWER	0
	9	SOLE DISPOSITIVE POWER	0
	10	SHARED DISPOSITIVE POWER	0

AGGREGATE AMOUNT BENEFICIALLY
 OWNED BY REPORTING PERSON

11

0

CHECK IF
 THE
 AGGREGATE
 AMOUNT IN
 ROW (11) ..
 EXCLUDES
 CERTAIN
 SHARES

12

PERCENT OF
 CLASS
 REPRESENTED
 BY AMOUNT
 IN ROW (11)

13

0%
 TYPE OF
 REPORTING
 PERSON

14

PN

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NAME OF
REPORTING
PERSON

1

**PARK CITY
CAPITAL,
LLC**

CHECK THE
APPROPRIATE

2

BOX IF A
MEMBER OF ^(a) ..
A GROUP ^(b) ..

SEC USE
ONLY

3

SOURCE OF
FUNDS

4

OO
CHECK IF
DISCLOSURE
OF LEGAL
PROCEEDINGS

5

IS
REQUIRED ..
PURSUANT
TO ITEM
2(d) or 2(e)

CITIZENSHIP
OR PLACE
OF
ORGANIZATION

6

Texas

	7	SOLE VOTING POWER	0
NUMBER OF SHARES	8	SHARED VOTING POWER	
BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH		1,191,168*	
	9	SOLE DISPOSITIVE POWER	0
	10	SHARED DISPOSITIVE POWER	1,191,168*

11 AGGREGATE AMOUNT
BENEFICIALLY OWNED BY
REPORTING PERSON

12 **1,191,168***
CHECK IF
THE
AGGREGATE
AMOUNT IN
ROW (11) ..
EXCLUDES
CERTAIN
SHARES

13 PERCENT
OF CLASS
REPRESENTED
BY
AMOUNT IN
ROW (11)

14 **6.2%****
TYPE OF
REPORTING
PERSON

IA

*Includes (1) 10% Subordinated Convertible Notes due April 30, 2015 convertible at the option of the holder into 222,222 shares of Common Stock and (2) warrants to purchase 218,946 shares of Common Stock.

**Based on 18,878,571 shares of Common Stock issued and outstanding as of October 31, 2014, as reported in the Company's Form 10-Q for the quarter ended September 30, 2014, filed with the SEC on November 13, 2014.

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NAME OF
REPORTING
PERSON

1

**PCC SOF
GP, LLC**
CHECK THE
APPROPRIATE
BOX IF A
MEMBER OF (a) ..
A GROUP (b) ..

2

SEC USE
ONLY

3

SOURCE OF
FUNDS

4

OO
CHECK IF
DISCLOSURE
OF LEGAL
PROCEEDINGS
IS
REQUIRED ..
PURSUANT
TO ITEM 2(d)
or 2(e)

5

CITIZENSHIP
OR PLACE
OF
ORGANIZATION

6

Texas

7

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	SOLE VOTING POWER	0
	SHARED VOTING POWER	
8	102,250	
	SOLE DISPOSITIVE POWER	
9	0	
	SHARED DISPOSITIVE POWER	102,250

AGGREGATE AMOUNT BENEFICIALLY
OWNED BY REPORTING PERSON

11

102,250
CHECK IF
THE
AGGREGATE
AMOUNT IN
ROW (11) ..
EXCLUDES
CERTAIN
SHARES

12

PERCENT OF
CLASS
REPRESENTED
BY
AMOUNT IN
ROW (11)

13

Less than 1%
TYPE OF
REPORTING
PERSON

14

00

CUSIP No. **000650W300** 13D/A Page 7 of 13 Pages

1 NAME OF REPORTING PERSON

MICHAEL J. FOX

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) .. (b) ..

3 SEC USE ONLY

4 SOURCE OF FUNDS

5 **PF; OO** CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED.. PURSUANT TO ITEM 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

USA

NUMBER OF SHARES BENEFICIALLY OWNED BY	7	SOLE VOTING	
	8	SHARED VOTING POWER	21,667*
			1,191,168**

EACH
REPORTING
PERSON WITH

9	SOLE DISPOSITIVE POWER	21,667*
10	SHARED DISPOSITIVE POWER	1,191,168**

AGGREGATE AMOUNT BENEFICIALLY
OWNED BY REPORTING PERSON

11

1,212,835
CHECK IF
THE
AGGREGATE
AMOUNT IN
ROW (11)
EXCLUDES
CERTAIN
SHARES

12

PERCENT OF
CLASS
REPRESENTED
BY AMOUNT
IN ROW (11)

13

6.3%***
TYPE OF
REPORTING
PERSON

14

IN

*Represents stock options held by Mr. Fox.

**Includes (1) 10% Subordinated Convertible Notes due April 30, 2015 convertible at the option of the holder into 222,222 shares of Common Stock and (2) warrants to purchase 218,946 shares of Common Stock.

***Based on 18,878,571 shares of Common Stock issued and outstanding as of October 31, 2014, as reported in the Company's Form 10-Q for the quarter ended September 30, 2014, filed with the SEC on November 13, 2014.

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NAME OF
REPORTING
PERSON

1

**CCM
OPPORTUNISTIC
ADVISORS,
LLC**

CHECK THE
APPROPRIATE
BOX IF A
MEMBER OF ^(a) ..
A GROUP ^(b) ..

2

SEC USE
ONLY

3

SOURCE OF
FUNDS

4

OO
CHECK IF
DISCLOSURE
OF LEGAL
PROCEEDINGS
IS
REQUIRED ..
PURSUANT
TO ITEM
2(d) or 2(e)

5

6

CITIZENSHIP
OR PLACE
OF
ORGANIZATION

Texas

	7	SOLE VOTING POWER	0
		SHARED VOTING POWER	0
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	8		
	9	SOLE DISPOSITIVE POWER	0
		SHARED DISPOSITIVE POWER	
	10		0

11 AGGREGATE AMOUNT
BENEFICIALLY OWNED BY
REPORTING PERSON

12 **0**
CHECK IF
THE
AGGREGATE
AMOUNT IN
ROW (11) ..
EXCLUDES
CERTAIN
SHARES

13 PERCENT
OF CLASS
REPRESENTED
BY
AMOUNT IN
ROW (11)

14 **0%**
TYPE OF
REPORTING
PERSON

IA

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NAME OF
REPORTING
PERSON

1

**A. JOHN
KNAPP,
JR.**

CHECK
THE
APPROPRIATE

2

BOX IF A MEMBER OF A GROUP (a) ..
(b) ..

SEC USE
ONLY

3

SOURCE
OF FUNDS

4

OO
CHECK IF
DISCLOSURE
OF LEGAL
PROCEEDINGS

5

IS
REQUIRED ..
PURSUANT
TO ITEM
2(d) or 2(e)

6

CITIZENSHIP
OR PLACE
OF
ORGANIZATION

USA

	7	SOLE VOTING POWER	0
		SHARED VOTING POWER	0
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	8		
	9	SOLE DISPOSITIVE POWER	0
		SHARED DISPOSITIVE	
	10	POWER	0

AGGREGATE AMOUNT
BENEFICIALLY OWNED BY
REPORTING PERSON

11

0
CHECK IF
THE
AGGREGATE
AMOUNT
IN ROW
(11) ..
EXCLUDES
CERTAIN
SHARES

12

PERCENT
OF CLASS
REPRESENTED
BY
AMOUNT
IN ROW
(11)

13

0%
TYPE OF
REPORTING
PERSON

14

IN

CUSIP No. 000650W300 13D/A Page 10 of 13 Pages

This Amendment No. 4 (this “Amendment No. 4”) amends and supplements the Schedule 13D originally filed with the Securities and Exchange Commission (the “SEC”) on April 4, 2013, as amended to date (the “Schedule 13D”), with respect to the Common Stock, no par value (the “Common Stock”), of AdCare Health Systems, Inc., a Georgia corporation (the “Company”). Except as amended and supplemented by this Amendment No. 4 (as so amended and supplemented, this “Statement”), the Schedule 13D remains unchanged.

Item 2. Identity and Background.

This Statement is filed by (i) Park City Capital Offshore Master, Ltd., a Cayman Islands exempted company (the “Master Fund”), with respect to the Common Stock directly and beneficially owned by it, (ii) Park City Special Opportunity Fund, LP, a Delaware limited liability company (the “Special Opportunity Fund”), with respect to the Common Stock directly and beneficially owned by it, (iii) Park City Capital LLC, a Texas limited liability company (“Park City Adviser”), as the investment adviser of the Master Fund and the Special Opportunity Fund, with respect to the Common Stock beneficially owned by it, (iv) PCC SOF GP, LLC, a Texas limited liability company (the “Special Opportunity Fund GP”), as the general partner of the Special Opportunity Fund, with respect to the Common Stock beneficially owned by it, and (v) Michael J. Fox, a United States citizen, as the managing member of Park City Adviser, which is the investment manager of the Master Fund and the Special Opportunity Fund, and as the managing member of the Special Opportunity Fund GP, which is the general partner of the Special Opportunity Fund, with respect to the Common Stock directly and beneficially owned by him.

The address of the principal office of the Master Fund, Special Opportunity Fund, Park City Adviser, Special Opportunity Fund GP, and Michael J. Fox is 200 Crescent Court, Suite 1575, Dallas, Texas 75201.

The principal business of the Master Fund and the Special Opportunity Fund is serving as a private investment fund. Park City Adviser provides investment advisory and management services and acts as the investment adviser of the Master Fund and of the Special Opportunity Fund. The principal business of the Special Opportunity Fund GP is serving as the general partner to the Special Opportunity Fund.

Each of the Master Fund, the Special Opportunity Fund, the Special Opportunity Fund GP, Park City Adviser, and Mr. Fox is referred to herein as a “Reporting Person” and collectively as the “Reporting Persons.” Each of the Reporting Persons is filing this Statement jointly. Neither the fact of this filing nor anything contained herein shall be deemed to be an admission by the Reporting Persons that they constitute a “group.”

Mr. Fox is the managing member of Park City Adviser and the Special Opportunity Fund GP and a director of the Master Fund. His principal occupation is hedge fund manager and investment adviser. Mr. Fox also serves as a director of the Company. He is a citizen of the United States of America.

Mark Cook is a director of the Master Fund, and his principal occupation is management of offshore corporations. Mr. Cook is a citizen of Australia, and his principal place of business is P.O. Box 61, Harbor Center, George Town, Grand Cayman, KY1-1102 Cayman Islands.

None of the Reporting Persons or any of their directors, officers, or controlling persons has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

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None of the Reporting Persons or any of their directors, officers or controlling persons has, during the last five years, been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration.

On November 14, 2014, in a private transaction, the Master Fund purchased the 85,500 shares of Common Stock previously held by CCM Opportunistic Partners, LP, at a purchase price of \$4.18 per share, including brokerage commissions. The source of funds used in purchasing these shares was working capital of the Master Fund.

Item 5. Interest in Securities of the Issuer.

(a) The Reporting Persons beneficially own in the aggregate 1,212,835 shares of Common Stock, which represents approximately 6.3% of the Company's outstanding shares of Common Stock. The Master Fund, the Special Opportunity Fund, and Mr. Fox (with respect to his stock options) directly hold the number and percentage of shares of Common Stock disclosed as beneficially owned by them in the applicable table set forth on the cover page to this Statement.

The percentage ownership of shares of Common Stock set forth in this Statement is based on the 18,878,571 shares of Common Stock issued and outstanding as of October 31, 2014, as reported in the Company's Form 10-Q for the quarter ended September 30, 2014, filed with the SEC on November 13, 2014.

(b) The Master Fund beneficially owns, and has the sole power to direct the voting and disposition of, the shares of Common Stock disclosed as beneficially owned by the Master Fund in the applicable table set forth on the cover page to this Statement.

The Special Opportunity Fund beneficially owns, and has the sole power to direct the voting and disposition of, the shares of Common Stock disclosed as beneficially owned by the Special Opportunity Fund in the applicable table set forth on the cover page to this Statement.

CCM Opportunistic Partners, LP no longer owns any shares of Common Stock.

As adviser to the Master Fund and the Special Opportunity Fund, Park City Adviser may be deemed to have the shared power to vote or direct the vote of (and the shared power to dispose or direct the disposition of) the respective Funds' shares of Common Stock. Park City Adviser expressly disclaims beneficial ownership of those Funds' shares of Common Stock, except to the extent of its pecuniary interest therein.

As general partner of the Special Opportunity Fund, the Special Opportunity Fund GP may be deemed to have the shared power to vote or direct the vote of (and the shared power to dispose or direct the disposition of) the Special Opportunity Fund's shares of Common Stock. The Special Opportunity Fund GP disclaims beneficial ownership of the Special Opportunity Fund's shares of Common Stock, except to the extent of its pecuniary interest therein.

As the managing member of Park City Adviser, which is the investment manager of the Master Fund and the Special Opportunity Fund, and as the managing member of the Special Opportunity Fund GP, which is the general partner of the Special Opportunity Fund, Mr. Fox may be deemed to have the shared power to vote or direct the vote of (and the shared power to dispose or direct the disposition of) the Master Fund's shares of Common Stock and the Special Opportunity Fund's shares of Common Stock. Mr. Fox disclaims beneficial ownership of those Funds' shares of Common Stock, except to the extent of his pecuniary interest therein. Mr. Fox also directly holds stock options to purchase certain shares of Common Stock, as set forth in the applicable table included on the cover page to this Statement.

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(c) The purchase of the 85,500 shares of Common Stock by the Master Fund from CCM Opportunistic Partners, LP on November 24, 2014 is described in Item 3 of this Statement.

(d) Not applicable.

(e) CCM Opportunistic Partners, LP no longer owns any shares of Common Stock.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

Pursuant to Rule 13d-1(k) promulgated under the Securities Exchange Act of 1934, as amended, the Reporting Persons have entered into an agreement with respect to the joint filing of this Statement, and any amendment or amendments hereto.

Item 7. Material to Be Filed as Exhibits.

The following documents are filed as exhibits to this Amendment No. 4:

99.1 Joint Filing Agreement, dated November 25, 2014.

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SIGNATURE

After reasonable inquiry and to the best of our knowledge and belief, the undersigned certify that the information set forth in this Statement is true, complete and correct.

Dated: November 25, 2014

**PARK CITY CAPITAL OFFSHORE
MASTER, LTD.**

By: /s/ Michael J. Fox
Michael J. Fox,
Director

PARK CITY CAPITAL, LLC

By: /s/ Michael J. Fox
Michael J. Fox,
Manager

PCC SOF GP LLC

By: /s/ Michael J. Fox
Michael J. Fox,
Managing Member

MICHAEL J. FOX

By: /s/ Michael J. Fox
Michael J. Fox

**PARK CITY CAPITAL SPECIAL
OPPORTUNITY FUND, LP**

By: PCC SOF GP LLC, its general partner

By: /s/ Michael J. Fox
Michael J. Fox,
Managing Member

CCM OPPORTUNISTIC PARTNERS, LP

By: CCM Opportunistic Partners GP, LP, its general partner

By: CCM GP, LLC, its general partner

By: /s/ A. John Knapp, Jr.
A. John Knapp, Jr.,
Manager

**CCM OPPORTUNISTIC ADVISORS,
LLC**

By: /s/ A. John Knapp, Jr.
A. John Knapp, Jr.,
Manager

A. JOHN KNAPP, JR.

By: /s/ A. John Knapp, Jr.
A. John Knapp, Jr.

